

DARLINGTON BOROUGH COUNCIL

SUMMARY OF ACCOUNTS – 2005-06

Director's Statement

Each year, the Council produces an annual Statement of Accounts, which is prepared in accordance with statutory requirements and best practice as recommended by the Accounting Code of Practice that applies to local authorities. The information contained in this summary has been modified to provide more easily understandable information.

The Council's 2005-06 accounts have been audited by PricewaterhouseCooper, who are appointed by the Audit Commission. The auditor has issued an unqualified opinion and the full statement of accounts is available on the Council's website.

The Council's Accounts

Council's are required to keep separate accounts in relation to continuing annual service provision (revenue accounts) and major expenditure on assets (capital accounts).

We are also required to account separately for income and expenditure relating to our Housing stock (called the Housing Revenue Account – HRA). HRA expenditure is funded from rents; Council Tax income cannot be used to pay for HRA expenditure. Net expenditure on Housing relates to the Council's statutory and strategic housing responsibilities and internal charges for asset usage.

All services other than HRA are termed General Fund services. These are funded by a combination of government grant, non-domestic rates (sometimes called business rates) and Council Tax.

Both General Fund and HRA have reserves (sometimes called working balances) to enable changes in expenditure and income between years to be managed and to meet any significant unexpected or urgent expenditure.

2005-06 Revenue Budget and Reserves

In March 2005 the Council set a budget for 2005-06 of £111.8M. The budget is proactively managed throughout the year and can be amended in accordance with the Council's Constitution. During the year, an additional £0.3M of reserves was released to fund various projects.

At the start of 2005-06, the Council planned to have unallocated reserves of £9.8M at 31st March 2006. As a result of changes to the financing of some major items of expenditure and reductions in some areas of spending, during the year the Council

revised its planned level of reserves to £11.6M. Actual reserves at 31st March 2006 were £11.9M. In addition, departments held £0.8M of allocated reserves that are earmarked for specific services at 31st March 2006.

The Council plans to use reserves over the next four years (£2.4M in 2006-07) to effectively control spending within projected resources. The level of reserves at 31st March 2006 is appropriate, given the need to carefully manage expenditure limitations over the next four to five years.

Capital Expenditure

Capital expenditure represents money spent by the Council for the purpose of purchasing, upgrading or improving fixed assets such as Council Houses, land, buildings and equipment. The distinction from revenue expenditure is that the Council essentially receives the benefit from capital expenditure over a longer period of time.

During 2005-2006 the Council Spent £37.276m on Capital Schemes within the following areas of the Council: -

Service	£'000
Children Services	10,975
Housing	10,254
Regeneration	8,677
Transport	4,464
Leisure Services	2,513
Adult Services	393
	37,276

The capital expenditure was paid for by following: -

Funding	£'000
Capital Grants	16,697
Borrowing	11,111
Capital Receipts	5,212
Revenue Contributions	3,100
Capital Contribution	1,156
	37,276

REVENUE ACCOUNT – for the year ended 31st March 2006

The Revenue Account shows the cost of delivering all Council services from 1st April 2005 to 31st March 2006, where the money came from and the surplus for the year, which is added to Reserves.

Revenue Account	Net Expenditure £M
Education	66.7
Social Services	26.7
Cultural, environmental & planning services	20.6
Highways, roads & transport services	6.5
Housing services	-0.7
Central services to the public	1.7
Corporate and democratic core	4.7
NDC	0.1
Net Cost of Services	126.3
Internal charges for use of assets	-7.5
Appropriations to and from reserves	-7.0
Amount to be met from Government Grants and Local Taxation	111.8
Financed by: -	
Revenue Support Grant	47.4
Non-domestic Rates (Business Rates)	32.5
Council Tax	31.9
Total income from Government Grants & Local Taxation	111.8
Net General Fund surplus for the year	0.8
General Fund Reserve	£M
Brought forward at 1st April 2005	11.1
Surplus for the year	0.8
Carried forward at 31st March 2006	11.9

Housing Revenue Account – expenditure and income relating to the Council’s housing stock – 1st April 2005 to 31st March 2006	£M
Income	
Rents	13.2
Charges and contributions	1.7
Total Income	14.9
Expenditure	
Repairs and maintenance	2.6
Management	4.1
RCCO	3.1
Capital financing costs	1.2
Other costs	3.7
Total Expenditure	14.7
Working balance at 1st April 2005	0.5
Surplus for the Year	0.2
Working balance at 31st March 2006	0.7

BALANCE SHEET - What the Council owns, owes and is owed at 31st March 2006

Assets and Liabilities	£M
Council dwellings	73.4
Other Land and Buildings	177.6
Other fixed assets	43.4
Money owed to the Council	67.4
Money owed by the Council	(36.7)
Total Assets less liabilities	325.1
Financed by: -	
Borrowing	86.6
Non-distributable reserves (1)	214.7
Distributable reserves (2)	23.8
Total Financing of Net Assets	325.1

(1) Non-distributable reserves are: -

Fixed asset restatement reserve (£144.4M) and Capital financing and deferred grants accounts (£70.3M)

(2)

Distributable reserves are: -	£M
General Fund reserve	11.9
Schools reserves	2.6
Investments	3.5
Housing Revenue Account	0.7
Other	5.1
Total Distributable Reserves	23.8

If you require further information about the Council's accounts, or wish to comment on this summary statement, please contact Accounting Services on 01325 388326 or e-mail enquiries@darlington.gov.uk